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Nairobi, 20-22 May 1998
Item 4 of the provisional agenda*

NOMINATION OF THE MEMBERS TO THE HIGH-LEVEL COMMITTEE OF MINISTERS AND OFFICIALS

Report of the Executive Director

1. In its decision on the constitution of the High-level Committee of Ministers and Officials established pursuant to decision 19/32 adopted at its nineteenth session on 4 April 1997, the Governing Council decided that the members of the High-level Committee of Ministers and Officials shall be elected according to the following pattern of geographical distribution:

(a) Ten seats for African States;

(b) Eight seats for Asian States;

(c) Four seats for Eastern European States;

(d) Six seats for Latin American and Caribbean States; and

(e) Eight seats for Western Europe and other States.

2. The Council also decided that the High-level Committee of Ministers and Officials should be constituted in accordance with the following procedure:

(a) The coordinators of the respective regional groups would expeditiously undertake consultations within their groups with a view to agreeing on nominations of members to the High-level Committee of Ministers and Officials and would communicate those nominations to the Executive Director of the United Nations Environment Programme by 15 May 1997;

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(b) Upon receipt of the nominations, the Executive Director should accordingly notify all States members of the United Nations and its specialized agencies; and

(c) Those nominated would be empowered to function on a provisional basis as members of the High-level Committee of Ministers and Officials until the next special or regular session of the Governing Council, whichever occurred earlier, where the nominations would be formally confirmed by the Council as elected.

3. In accordance with the above-mentioned Governing Council decision, the Executive Director, on 8 April 1997, sent a letter to all coordinators of the respective regional groups inviting them to expeditiously undertake consultations within their groups, to nominate members to the High-level Committee of Ministers and Officials and communicate those nominations to the Executive Director by 15 May 1997.

4. Prior to the first meeting of the High-level Committee of Ministers and Officials, held in New York on 28 June 1997, the Executive Director received a total of 25 nominations: 10 from African States; eight from Asian States; four from Eastern European States; and three from Western European and Other States. At the first meeting of the High-level Committee of Ministers and Officials, the Group of Latin American and the Caribbean States announced the names of the six nominees from the Group. On 17 October 1997, the coordinator of the group of Western European and Other States informed the Executive Director of the five outstanding nominees from that Group.

5. A list of States nominated by the respective regional groups to the members of the High-level Committee of Ministers and Officials was made available at the second meeting of the High-level Committee of Ministers and Officials, held in Nairobi from 2 to 4 March 1998, as document UNEP/HLC/2/INF/6 and Corr.1. The list is reproduced in the annex to the present document.

Suggested action by the Governing Council

6. The Governing Council may wish to formally confirm as elected by the Council the States nominated by the respective regional groups as members to the High-level Committee of Ministers and Officials.

Annex

LIST OF NOMINEES OF THE HIGH-LEVEL COMMITTEE OF MINISTERS AND OFFICIALS 1/

REGION	NOMINEES
AFRICAN GROUP (10)	ALGERIA
	BURUNDI
	DEMOCRATIC REPUBLIC OF THE CONGO
	EGYPT
	KENYA
	NIGERIA
	SENEGAL
	UGANDA
	ZAMBIA
	ZIMBABWE
ASIAN GROUP (8) 2/	BANGLADESH
	CHINA
	INDONESIA
	IRAN (ISLAMIC REPUBLIC OF)
	JAPAN
	PAKISTAN
	PHILIPPINES
	REPUBLIC OF KOREA
EASTERN EUROPEAN GROUP (4)	CZECH REPUBLIC
	POLAND
	ROMANIA
	RUSSIAN FEDERATION
LATIN AMERICAN AND THE CARIBBEAN GROUP (6)	ARGENTINA
	BAHAMAS
	CUBA
	EL SALVADOR
	MEXICO
	PERU

REGION	NOMINEES
WESTERN EUROPEAN AND OTHERS GROUP (8)	AUSTRALIA
	AUSTRIA
	FINLAND 3/
	ITALY
	NETHERLANDS
	SWITZERLAND
	UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
	UNITED STATES OF AMERICA

Notes

1/ In keeping with paragraph 2 (c) of the decision on the constitution of the High-level Committee of Ministers and Officials established pursuant to decision 19/32 adopted by the Governing Council a its nineteenth session, the nominated Governments "will be empowered to function on a provisional basis as members of the High-level Committee o Ministers and Officials until the next special or regular session of the Governing Council, whichever occurs earlier, where the nominations will b formally confirmed by the Council as elected".

2/ By decision of the Asian Group, the countries in this Group a nominated for the year 1997-1998 only.

3/ Finland will be replaced by Denmark in 1998.

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EVALUATION OF THE MANAGEMENT AND ADMINISTRATIVE SUPPORT OF THE UNITED NATIONS ENVIRONMENT PROGRAMME, AS REQUESTED BY THE GOVERNING COUNCIL IN SECTIONS II AND III OF DECISION 19/22

Report of the Executive Director

INTRODUCTION

1. This report draws upon substantive and wide-ranging input from the Committee of Permanent Representatives to the United Nations Environment Programme (UNEP); it has been prepared in response to Governing Council decision 19/22, in particular:

(a) Paragraph 5 of section II, "Management and administrative support costs budget, the Environment Fund budgets: revised proposals for 1996-1997 and proposals for 1998-1999", which requests the Executive Director to present a report to member States that contains an evaluation, based, inter alia, on the report of the Secretary-General, of the management and administrative support of the UNEP, including how it interacts with the United Nations Office at Nairobi, and whether it is efficient and effective in delivering on the programmes of UNEP. Based on this report and other available information, the Governing Council will review the levels of appropriations for the management and administrative support costs budget in both the 1996-1997 and 1998-1999 bienniums;

(b) Paragraph 6 of section III, "Programme of work: revised appropriation for Fund programme activities in 1996-1997 and appropriation for Fund programme activities in 1998-1999", which requests the Executive Director, in consultation with the Office of Internal Oversight Services

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(OIOS), to undertake, as a priority, an evaluation of the role, functions (including editing and publications, responsiveness to requests from Governments for assistance and advisory services) and management of all of the UNEP regional offices, with a view to enhancing effectiveness, efficiency, adequate distribution of funds and the implementation of the programme adopted by the Governing Council. This evaluation report would be submitted in advance of the next session of the Governing Council, at which time the funding levels of all regional offices will be reviewed. Interested Governments were invited to submit contributions.

I. MANAGEMENT AND ADMINISTRATIVE SUPPORT COSTS

2. The Financial Rules and Regulations of the United Nations Environment Programme divide Environment Fund resources between two budgets: the programme budget and a budget comprising programme support, management and administration. By its decision 18/42 of 25 May 1995, the Governing Council established the management and administrative support costs (MASC) budget, as part of a fundamental reform of the two budgets financed from the Environment Fund. The primary objective of that reform process was to establish a clearer division between programme costs and programme support, management and administration costs. Since the debate as to what constitutes a programme or a non-programme cost remains unresolved by, among others, United Nations Headquarters, this reform required a number of value judgements by the former Executive Director as to what should remain in the programme and what should be funded from the MASC budget. Hence, conference servicing costs are borne directly by programme-users and environmental information aspects of the Mercure programme have been classified as programme costs. Subsequent to the UNEP exercise, United Nations Headquarters have defined 75 per cent of conference service costs as programmatic and an even larger majority of public information costs as non-programme costs. The Executive Director intends to await the outcome of the current United Nations budget reform exercise, before proposing further reform of the UNEP budgets. The Executive Director will present a transparent, streamlined and integrated UNEP budget, in line with United Nations budget reforms, to the Governing Council at its twentieth session in May 1999; the 2000-2001 budget will be prepared using the new format.

3. At its nineteenth session, the UNEP Governing Council, by paragraph 6 of decision 19/22, approved the changes to the format and structure of the MASC budget, as presented to the Advisory Committee on Administrative and Budgetary Questions (ACABQ) on 27 November 1996, bringing it into line with the framework of the United Nations regular budget.

4. Governing Council decision 19/22 approved a revised 1996-1997 management and administrative support costs (MASC) budget appropriation of $33,861,400 (see table 1, below).

Table 1

Governing Council decision 19/22: 1996-1997 MASC budget

MASC budget 1996-1997	Office of the Executive Director	Regional representation	Telecommunications and electronic services	Programme Support services a/	UNON Administration and Conference Services b/	TOTAL
Established posts	2,669,000	6,151,300	1,108,700	5,824,400	8,254,200	24,007,600
Other staff costs	69,300	730,600		102,200	270,000	1,172,100
Consultants	110,000			125,100		235,100
Official travel	845,000	677,700		140,000		1,662,700
Contractual services	31,500		700,000	199,500		931,000
Operating expenses	280,100	2,092,300	119,000	2,488,400		4,979,800
Supplies and materials	42,000	152,100		491,900		686,000
Furniture and equipment	5,200	102,100		79,800		187,100
TOTAL	4,052,100	9,906,100	1,927,700	9,451,300	8,524,200	33,861,400

a/ Executive Directive UNEP/ED/1996/1 of January 1996 formed the Programme Support Service, consisting of the Fund Programme Management Branch, the Corporate Planning and Accountability Service, the Budget and UNON Liaison Units. Narrowly defined - by recent United Nations budget reforms - programme support bridges the distinction between programme and administrative functions.

b/ In 1996 the MASC budget contributed $3,229,300 for established posts in United Nations Office at Nairobi Conference Services. Since 1997, UNEP has no longer provided posts or paid directly for staff in United Nations Office at Nairobi Conference Services; instead individual programmes pay for these services at cost, as and when they require them.

5. In paragraph 4 of section II of decision 19/22, the Governing Council requested the Executive Director to seek further efficiencies in the 1996-1997 MASC appropriation. In accordance with this request, additional efficiencies were aggressively sought, resulting in a final 1996-1997 MASC budget of approximately $29.5 million and additional savings of $4,365,312. Table 2, below, shows total MASC allotments, expenditures and savings, by office, in 1996-1997.

Table 2

1996-1997 MASC allotments, expenditure a/ and savings

MASC budget 1996-1997	Office of the Executive Director	Regional representation	Telecommu-nications and electronic services	Programme Support Service	UNON Adminis-tration and Conference Services	TOTAL
Approved budget:	4,052,100	9,906,100	1,927,700	9,451,300	8,524,200	33,861,400
Total expend-iture:	3,733,924	8,958,268	1,883,621	7,039,963	7,880,312	29,496,088
Total savings:	318,176	947,832	44,079	2,411,337	643,888	4,365,312

a/ Closure of 1996-1997 accounts is delayed pending the receipt of information from United Nations Headquarters; as a consequence of this delay, expenditure figures could change slightly.

6. Governing Council decision 19/22 also approved a 1998-1999 MASC budget appropriation of $27,500,000. In addition to this $27.5 million, by the same decision, the Governing Council approved an additional 1998-1999 MASC appropriation of $1,000,000: $500,000 for those costs associated with the current special session of the Governing Council not covered by the United Nations regular budget and $500,000 to cover the costs incurred by the Executive Director when conducting the evaluations called for in Governing Council decision 19/22. Table 3, below, illustrates the apportionment of the 1998-1999 MASC appropriation of $27.5 million as presented to ACABQ on 17 October 1997. The ACABQ report, dated 30 October 1997, commenting on the revised budgets for 1996-1997 and 1998-1999, is before the special session of the Governing Council as document UNEP/GCSS.V/INF/3.

Table 3

1998-1999 MASC budget

MASC budget 1998-1999	Office of the Executive Director	Regional representation	Programme Support Service	UNON Administration	TOTAL
Established posts	2,570,000	6,104,000	4,643,000		13,317,000
Other staff costs	83,800	654,600	190,600	5,059,500	5,988,500
Consultants	127,100		185,000		312,100
Official travel	840,000	557,900	127,000		1,524,900
Contractual services	38,200		241,400		279,600
Operating expenses	737,200	1,838,500	2,470,900		5,046,600
Supplies and materials	50,800	87,000	691,300		829,100
Furniture and equipment	30,500	75,300	96,500		202,300
TOTAL	4,477,500	9,317,300	8,645,700	5,059,500	27,500,000

7. By conducting this evaluation in cooperation with the Committee of Permanent Representatives to UNEP, efficiencies have resulted that enable the Executive Director to propose that the $500,000 approved for the evaluations called for in Governing Council decision 19/22 be reallocated to 1998-1999 Fund programme activities. Furthermore, since, at its nineteenth session, the Governing Council, under its other decisions, decided that its twentieth session would be of five days duration it is likely that the United Nations regular budget allocation for 1998-1999 will be sufficient to ensure that the additional $500,000 approved for those costs associated with the current special session of the Governing Council can also be reallocated to 1998-1999 Fund programme activities. In addition, as was the case in 1996-1997, the Executive Director aims to achieve further efficiencies in the approved 1998-1999 MASC budget of $27.5 million but requests that the Governing Council set no particular target for these additional savings and accord him the freedom to determine where these efficiencies can best be realized.

8. In addition to the efficiencies that have, and will, result in the use of the additional 1998-1999 MASC appropriation of $1 million, for Fund programme activities, table 4, below, shows that the Executive Director is fully committed to making further economies. The Executive Director intends to use any savings that result from measures aimed at streamlining MASC activities to strengthen the UNEP regional presence.

Table 4

1998-1999 MASC budget: approved allocation, allotments, expenditures and expenditure projections, forecast savings

MASC budget 1998-1999	Office of the Executive Director	Regional represent-ation	Programme Support Service	UNON Adminis-tration a/	TOTAL
GC.19 approved appropriation	4,477,500	9,317,300	8,645,700	5,059,500	27,500,000
1998 allotments:	2,144,200	4,560,800	4,137,700	2,264,022	13,106,722
1999 allotments:	2,333,300	4,756,500	4,508,000	2,264,022	13,861,822
Total allotments:	4,477,500	9,317,300	8,645,700	4,528,044	26,968,544
Initial 1998-1999 savings:	0	0	0	531,456	531,456
First 1/4 Expenditure total:	527,402	1,208,875	878,296	566,006	3,180,578.5
First 1/4 Established posts	292,197	750,466	465,110	0	1,507,773
First 1/4 Other staff costs	5,724	89,293	59,930	566,005.5	720,952.5
First 1/4 Consultants	6,002	0	0	0	6,002
First 1/4 Official travel	49,445	83,358	0	0	132,803
First 1/4 Contractual Services	5,000	0	28,279	0	33,279
First 1/4 Operating expenses	168,840	264,830	324,455	0	758,125
First 1/4 Supplies and materials	194	11,982	522	0	12,698
First 1/4 Furniture and equipment	0	8,946	0	0	8,946
Projected 1998 expenditure:	2,109,608	4,835,500	3,513,184	2,264,022	12,722,314
Additional savings:	34,592	-274,700	624,516	0	384,408
Projected 1998 savings:	34,592	-274,700	624,516	265,728	650,136

a/ Of the $5,059,500 budgeted for the United Nations Office at Nairobi, a reduction of $531,456 has been possible; this $531,456 was budgeted for institutional support to Conference Services and is no longer necessary following the development of the charge-back system in Conference Services.

II. UNITED NATIONS OFFICE AT NAIROBI

9. The United Nations Office at Nairobi was created with effect from 1 January 1996, pursuant to the decision of the Secretary-General announced in his report of 24 August 1994, on the restructuring of the United Nations Secretariat (A/49/336). In this report the Secretary-General, inter alia, indicated that he was planning to establish a common administration and support services unit in Nairobi to replace the two separate administrations of UNEP and the United Nations Centre for Human Settlements (UNCHS) (Habitat). These common services were to include human resources management and other staff related services, common conference services, finance operations, general support services, including contracts and procurement, library and information facilities. The first programme budget of the United Nations Office at Nairobi for the biennium 1996-1997 was approved by the General Assembly in December 1995. It provided for a merger in the Office of the administrative service of UNCHS (Habitat), the administrative service and conference services of UNEP and the United Nations common services. A total of 59 posts were abolished from the combined staffing tables of the Office's predecessors, while economies of scale achieved as a result of creation of the joint administration in Nairobi were estimated at 15 per cent.

10. In making practical arrangements for amalgamation of the two administrative services into the United Nations Office at Nairobi, both UNEP and UNCHS (Habitat) retained relatively small units, which function essentially as liaison and executive offices. The main functions of these offices are related to budget formulation and budgetary control over regular budget and extrabudgetary funds, including staffing table control. It was also decided that, for the time being, UNCHS (Habitat) and UNEP should maintain separate library and information facilities.

11. The United Nations Office at Nairobi is headed by the Director-General, and consists of a single division - the Division of Administrative Services. The Division's functional units include the Financial Resources Management Service, the Human Resources Management Service, the Information Technology Service, the Support Services Service, the Conference Services Service and the Security and Safety Section.

12. In the United Nations programme budget for the biennium 1998-1999, as approved by the General Assembly in December 1997, the total resource requirements for the United Nations Office at Nairobi were estimated at $28,645,800. Of this amount, $11,891,400 (41.5 per cent) was to be provided from the regular budget of the United Nations, $6,229,700 (21.8 per cent) represented extrabudgetary resource requirements of the Conference Services Service, which operated on a "self-financed" basis, and the remaining $10,524,700 (36.7 per cent) was initially committed by the management of UNCHS (Habitat) and UNEP from their extrabudgetary resources. This latter amount was to be apportioned between UNCHS (Habitat) and UNEP at the ratio of 24.4 per cent to 75.6 per cent, applying the cost-sharing formula based on the comparative volume of activities of both organizations.

13. In undertaking his evaluation of the role of the United Nations Office at Nairobi in providing administrative support to UNEP, the Executive Director has drawn extensively on the input of the Task Force of the Committee of Permanent Representatives, whose analysis and constructive

recommendations for addressing problems related to the establishment, functioning and financing of the Office, as well as its interaction with the Secretariat of UNEP, provided an important contribution for the ongoing process of improving efficiency and effectiveness of programme support mechanisms. The primary objective of this process is to ensure that adequate administrative support for programme activities is provided in the most efficient and cost-effective manner and that resources released as a result of the streamlining of administrative overhead functions be made available for strengthening of the priority areas of the organization's programme.

14. In this context, the Executive Director is convinced that the decision to create a common administrative unit for UNCHS (Habitat) and UNEP was an important step in the direction of strengthening the United Nations presence in Nairobi and in rationalizing the programme support mechanisms of both organizations. For various reasons, however, the full potential of this decision has not so far been realized. Analysis of the current procedures of interaction of programme support units of UNCHS (Habitat) and UNEP with the United Nations Office at Nairobi reveals that there is considerable room for improvement and streamlining. Specific delegations of authority need to be clarified and redefined. It would also appear that in certain limited areas there is still duplication of technical support functions. All this has, in turn, minimized the expected impact of the merger in terms of the reduction of administrative overhead costs.

15. Another area where we have not been able to achieve the best use of the Office's potential is its role of provider of common services to other offices of the United Nations programmes and agencies located in Nairobi. It should be noted, however, that, while this task is an important part of the Secretary-General's reform process, its practical implementation in the Nairobi context requires careful preparation and the resolution of a number of complex policy and procedural issues.

16. The situation regarding the funding of the United Nations Office at Nairobi has, no doubt, crucial implications for its ability to function in a normal and predictable environment. In this respect it would be useful to compare the Office's resource base to that of the other major administrative offices outside New York Headquarters, namely, the United Nations Office at Geneva and the United Nations Office at Vienna. As mentioned in paragraph 12 above, the proportion of regular budget and extrabudgetary resources in the United Nations Office at Nairobi is 41.5 per cent and 58.5 per cent, respectively. Comparable figures in the case of United Nations Office at Geneva (Administrative Division and Conference Services Division) are 94.7 per cent and 5.3 per cent, and in the United Nations Office at Vienna - 98.4 per cent and 1.6 per cent. While there are important differences between the functions of the three offices and their relationships with their clients, these figures, nevertheless, are representative of the apparently unequal treatment of the United Nations Office at Nairobi vis-à-vis its counterparts in Geneva and Vienna. In this context, it should be noted that, at its fifty-second session, the General Assembly echoed decisions of the Governing Council and the Commission on Human Settlements by requesting the Secretary-General "to bring the financial arrangements of the United Nations Office at Nairobi into line with those of similar United Nations administrative offices" (resolution 52/220, Section 27 H, of 22 December 1997).

17. The Executive Director strongly believes that the decision of the Secretary-General to entrust the executive direction of all three parts of the United Nations Secretariat in Nairobi, namely, UNEP, UNCHS (Habitat) and the United Nations Office at Nairobi, to one and the same official will ensure better realization of necessary synergies in programme implementation and has further strengthened the United Nations presence in this fourth largest headquarters location of the Organization. In his capacity as the Director-General of the United Nations Office at Nairobi and executive head of UNEP and UNCHS (Habitat), the Executive Director will, in the immediate future, undertake a number of important steps in order to make the best use of the United Nations Office at Nairobi as the instrument to strengthen the United Nations presence in Nairobi and to realize its full potential in achieving synergies in the programme support mechanisms of UNEP and UNCHS (Habitat). These steps include the following:

(a) At the current special session of the Governing Council, the Executive Director will share with the member States his conclusions with respect to steps required in order to streamline interaction between UNEP, UNCHS (Habitat) and the United Nations Office at Nairobi, and will inform the Council of his decisions regarding the introduction of better coordinated programme support structures in the three offices;

(b) In the framework of the revised budget estimates for the current biennium which will be submitted to the General Assembly at its fifty-third session, the Executive Director will propose a substantial increase in the regular budget share of the financing of the United Nations Office at Nairobi, in keeping with General Assembly resolution 52/220;

(c) The Governing Council will be informed, through various presentations during the current special session, of a number of achievements and initiatives increasing the efficiency and effectiveness of the support services provided by the United Nations Office at Nairobi. For example, there are important developments in the operations of the Conference Services Service (including the expansion of contractual translation through remote electronic links, remote interpretation, etc.), which will ensure an increase in the number of meetings to be held in Nairobi;

(d) With a view to creating conditions to enhance and expand the role of the United Nations Office at Nairobi as the provider of common services to all offices of the United Nations family in Nairobi, it has been decided to allocate surplus office space currently occupied by UNEP and UNCHS (Habitat) to the United Nations Development Programme (UNDP) office in Kenya, which will soon join other United Nations offices housed in the United Nations complex in Gigiri. This will also considerably reduce the current level of rental expenditure of UNEP and UNCHS (Habitat). Furthermore, we have approached United Nations Headquarters in New York with a proposal to construct additional office buildings in Gigiri, so that, in the future, all United Nations offices in Nairobi may move to the complex in Gigiri.

III. REGIONAL OFFICES

18. The regional presence of UNEP needs to be strengthened. This process will be achieved through the effective decentralization and strengthening of outposted activities. The Executive Director has established certain principles in this matter, as outlined in the following paragraphs, and will present developed plans to the Governing Council at the current special session.

19. The core functions of regional offices will be information and analysis, fund-raising and liaison with UNEP regional partners, especially with Governments and civic society as a whole, including non-governmental organizations. This is a precondition for concentrated fund-raising at the regional level, including from the private sector. The regional offices will improve their support to regional consultations, negotiations and decision-making in environmental policy matters. At the same time, they will communicate regional priorities to UNEP, as the United Nations environmental authority. Financial resources freed by further economies to be achieved in the MASC budget will be used to strengthen the regional offices. Each regional office requires a structure, staff contingent and mandate tailored to the special needs of its region.

20. The UNEP offices in New York and Geneva have a special role in linking UNEP with the United Nations system and other institutions of the international community. The New York office will be restructured to improve UNEP linkage to United Nations Headquarters and other United Nations institutions based in New York. The liaison functions with the North American continent, including the United States and Canadian Governments, will be performed from Washington, D.C., where the existing UNEP representation will be strengthened. The UNEP office in Geneva will strengthen UNEP links to United Nations institutions based in Geneva, as well as to the multilateral institutions representing a uniting Europe, in particular the European Union, including the European Commission and the Council of Europe.

21. The activities of the decentralized and outposted UNEP offices make an essential contribution to the overall performance of UNEP. The Executive Director will consider measures to strengthen decentralization and to make full use of the potential of outposted activities.

IV. TRUST FUNDS

22. UNEP is currently managing 70 active trust funds (see table 5, below, and annex II), of which 27 are general trust funds, 25 are technical cooperation trust funds of a programmatic nature, 17 are technical cooperation trust funds for personnel and one, the Multilateral Fund, is a special trust fund. The provisional expenditure total for all trust funds during the biennium 1996-1997 amounts to $350.9 million, of which the Multilateral Fund accounts for $258.2 million, general trust funds for $51.1 million and technical cooperation trust funds (general and personnel) for $41.4 million.

23. Of the total of 70 trust funds, 11 general trust funds, one special trust fund and one technical cooperation trust fund are in support of the activities of conventions, protocols and regional seas programmes and their secretariats. Of the remaining 57 trust funds, 40 support activities of the various programmes of UNEP, while 17 support both senior and junior Professional officers.

24. During 1996, the number of UNEP staff (both senior programme officers and junior Professional officers) supported by technical cooperation trust funds was 21 and in 1997, 22. To date, in 1998, 19 staff members are supported in this way.

Table 5

Summary of 1996-1997 expenditures and funds available for 1998-1999 as at 31 March 1998 for all UNEP-administered trust funds

Trust fund number	Description	1996-1997 expenditures	Funds available for 1998-1999
27	General trust funds:	51,424,505	38,099,735
(11)	Conventions, protocols, regional seas programmes and their secretariats	(45,676,783)	(29,551,631)
(16)	Others	(5,747,722)	(8,548,104)
25	Technical cooperation trust funds (General):	38,025,217	22,193,348
(1)	Conventions, protocols, regional seas programmes and their secretariats	(190,505)	(457,917)
(24)	Others	(37,834,712)	(21,735,431)
17	Technical cooperation trust funds (Personnel)	3,346,383	2,396,151
1	Special Account and Trust Fund:	258,194,819	319,784,106
(1)	Multilateral Fund	(258,194,819)	(319,784,106)
70	GRAND TOTAL	350,990,924	382,473,340

25. Of the total financial resources available to trust funds, as of 31 March 1998, amounting to $382.5 million, $32.7 million is available to support UNEP programmes, $30.0 million belongs to the trust funds of conventions, protocol and regional seas programmes and $319.8 million is available to the Multilateral Fund.

26. The $319.8 million available to the Multilateral Fund has already been allocated by the Executive Committee of the Fund to implementing agencies and the secretariat of the Fund, to be used in approved projects and programmes. In accordance with the agreement between UNEP and the Executive Committee of the Multilateral Fund, UNEP functions as treasurer of the Fund and as one of the implementing agencies. In addition, the secretariat of the Multilateral

Fund, in Montreal, is co-located and administratively linked with UNEP. As treasurer of the Multilateral Fund, UNEP does not levy a programme support cost on the total expenditure of the Fund. As an implementing agency of the Multilateral Fund, however, UNEP charges programme support costs on the expenditure incurred against UNEP activities performed on behalf of the Multilateral Fund and on the expenditure incurred by the Multilateral Fund secretariat. Annually, expenditure on UNEP-implemented activities amounts approximately to $5-6 million, while the annual expenditure of the secretariat is approximately $3 million.

V. COUNTERPART CONTRIBUTIONS

27. During the 1996-1997 biennium, UNEP received $16.5 million as counterpart contributions in support of UNEP activities; a growth of 17 per cent from the 1994-1995 biennium. Of these contributions, 70 per cent were received as direct support to projects implemented under the UNEP programme of work as approved by the Governing Council. The remaining 30 per cent were received for the support of convention secretariats and other trust fund projects. Expenditures during the 1996-1997 biennium totalled $16.6 million. A breakdown of these expenditures is provided in annex III and summarized in table 6, below.

Table 6

Summary of 1996-1997 a/ expenditures and funds available as at 31 March 1998 for all UNEP-administered counterpart contributions

Description	1996 expenditures	1997 expenditures	Funds available in 1998-1999
Counterpart contributions for UNEP activities	5,618,576	6,414,607	(no breakdown available)
Counterpart contributions for Convention activities	1,969,617	2,599,623	(no breakdown available)
GRAND TOTAL	7,588,193	9,014,230	8,623,974

a/ 1997 figures are estimates, since final accounts are not yet available.

VI. GLOBAL ENVIRONMENT FACILITY

28. During the 1996-1997 biennium, 80 UNEP proposals (projects, PDFs, enabling activities and short term measures) were adopted, amounting to $34 million. In accordance with the business plan adopted by the Global Environment Facility (GEF) Council at its tenth meeting in November 1997, UNEP, as an implementing agency in GEF, will deliver a work programme for the fiscal year 1999-2000 amounting to $74 million.

IV. REPORT OF THE OFFICE OF INTERNAL OVERSIGHT SERVICES

29. In September 1996, OIOS conducted a review of UNEP and the administrative practices of its secretariat, including the United Nations Office in Nairobi. On 27 February 1997, the final report of the UNEP and United Nations Office at Nairobi review was submitted to the General Assembly (document A/51/180) and on 12 April 1997 the Executive Director presented her action plan on the implementation of the OIOS recommendations to the Secretary-General. UNEP was initially committed to full implementation of the OIOS recommendations by the end of 1997, but was required to delay final implementation of recommendations with institutional and policy implications pending the arrival of the Executive Director. The Executive Director is committed to the implementation of the OIOS recommendations and is currently assessing outstanding recommendations in relation to the ongoing discussions on UNEP and United Nations reform.

Table 7

Resources summary: Environment Fund, trust funds and counterpart contributions since 1992

Year	Environment Fund contributions	Trust fund contributions b/	Counterpart contributions
1992	63,744,425	24,713,606	10,782,489
1993	66,868,100	34,960,593	6,139,678
1992-1993	130,612,525	59,674,199	16,922,167
1994	65,893,858	47,049,448	9,906,296
1995	58,057,931	37,049,994	6,301,375
1994-1995	123,951,789	84,099,442	16,207,671
1996	45,598,434	49,221,433	10,176,241
1997 a/	44,214,985	50,000,000	5,000,000
1996-1997	88,813,419	99,221,433	15,176,241
1998	42,893,645	58,000,000	5,000,000
1999	42,893,645	58,000,000	5,000,000
1998-1999	85,787,290	116,000,000	10,000,000

Source: Financial reports and accounts 1992-1996

a/ 1997 figures are estimates, since final accounts are not yet available.

b/ Trust fund contributions do not include the Multilateral Fund under the Montreal Protocol.

30. The Executive Director feels that, owing to the decline in contributions to the Environment Fund - the first and foremost fund of UNEP - it is only through contributions to trust funds and counterpart contributions that aspects of the approved programme have been implemented. The Executive

Director welcomes these contributions and urges Governments to contribute trust fund and counterpart resources in support of the Governing Council-approved programme of work.

31. A growing share of international environmental contributions, by Governments, are going into the assessed contribution mechanisms of convention secretariats. One consequence of this trend is that fewer resources are available to the UNEP voluntary fund. There is a tendency for convention secretariats to present substantially increased budgets for the approval of their Parties and it would appear that the increased budgetary requirements of convention secretariats result from their desire to implement activities, rather than focus on the functions stipulated for them in their convention protocols and rules of procedure. The rapid expansion of certain conventions entails the risk of a duplication of effort and lack of focus in the work of the international environmental agenda. In this context, it is especially difficult to realize to the full the comparative advantage and demonstrated ability of UNEP.

VIII. SUGGESTED ACTION BY THE GOVERNING COUNCIL

32. The Governing Council might, accordingly, wish to consider adopting a decision on the following lines:

The Governing Council

I. Environment Fund

1. Welcomes the report of the Executive Director, the important contribution of the Committee of Permanent Representatives, and the management and administrative support costs efficiencies achieved in 1996-1997 and proposed in 1998-1999;

2. Notes the final 1996-1997 management and administrative support costs expenditures, subject to the final closure of 1996-1997 accounts, of 29.5 million dollars and the efficiencies implemented by the Executive Director that resulted in additional savings of approximately 4.36 million dollars;

3. Further notes the Advisory Committee on Administrative and Budgetary Questions report of 30 October 1997, that reiterates its recommendation that the level of resources to be made available to the United Nations Environment Programme should be clearly defined in advance, so as to provide a more secure and reliable base for programme planning and management;

4. Notes with concern that the overall low level of contributions, received, pledged and projected, to the Environment Fund for the biennium 1998-1999 falls short of the level required to implement the approved 1998-1999 programme of 75 million dollars;

5. Confirms the recommendation made by the High-level Committee of Ministers and Officials at its March 1998 meeting, that the Executive Director should move quickly to implement, as appropriate, the recommendations of the recent report of the Office of Internal Oversight Services;

6. Confirms the 1998-1999 management and administrative support costs budget appropriation of 27.5 million dollars, subject to the continued feasibility of the approved 1998-1999 programme of 75 million dollars;

7. Urges the Executive Director to manage the 1998-1999 management and administrative support costs budget appropriation with the utmost economy and to achieve greater efficiencies in the those offices funded from the management and administrative support costs budget;

8. Requests the Executive Director to further reduce 1998-1999 management and administrative support cost expenditures, should contributions to the Environment Fund fall short of the level required to implement the approved 1998-1999 programme of 75 million dollars;

9. Approves the cancellation of the extraordinary additional 1998-1999 management and administrative support costs appropriation of one million dollars, as outlined in paragraph 7 of the report of the Executive Director on the evaluation of the management and administrative support of the United Nations Environment Programme, 1/ and the Executive Director's proposal to direct these resources into Fund programme activities;

10. Requests the Executive Director to re-examine the 1998-1999 programme approved by Governing Council at its nineteenth session in the light of the core elements of the focused mandate of the Nairobi Declaration and to report accordingly to the subsidiary body of the Governing Council nominated by the current special session;

11. Authorizes the Executive Director to prepare a 2000-2001 programme of work, clearly explaining the role of the United Nations Environment Programme in environmental emergencies, with due regard to the principles and priority programme areas defined by the Nairobi Declaration;

12. Requests the Executive Director to increase the involvement of Governments in programme and budget formulation and priority setting between sessions of the Governing Council, using its subsidiary bodies;

13. Further requests the Executive Director to define a core programme for the biennium 2000-2001, making use of the priorities of the Nairobi Declaration, that establishes a direct and realistic link between the volume of activities to be undertaken and available financing; to be presented to the Governing Council at its twentieth session;

1/ UNEP/GCSS.V/4.

II. Regional offices

14. Urges the Executive Director to strengthen the regional presence of the United Nations Environment Programme, taking into consideration the particular needs of each region;

15. Requests the Executive Director to ensure that regional concerns are integral to the programme preparation, prioritization and implementation processes of the United Nations Environment Programme;

III. Trust funds and counterpart contributions

16. Notes the substantial growth of trust funds and counterpart contributions and the relative decline in the resources available to the Environment Fund;

17. Emphasizes the primacy of the multilateral decision-making process and the Environment Fund;

18. Expresses its concern that the administrative and management costs of trust funds and counterpart contributions may not be borne, in full, by these sources of funding and that part of these costs are charged to the Environment Fund;

19. Urges Governments to make their contributions first and foremost to the Environment Fund;

20. Urges the Executive Director only to accept trust funds and counterpart contributions where these resources finance activities with a clear and direct relationship to the core programme areas identified in the Nairobi Declaration;

21. Requests the Executive Director to enhance trust fund and counterpart contribution reporting.

Annex I

FINDINGS AND RECOMMENDATIONS OF THE TASK FORCE OF THE COMMITTEE OF PERMANENT REPRESENTATIVES TO THE UNITED NATIONS ENVIRONMENT PROGRAMME

Background

1. At its November 1997 meeting, the Committee of Permanent Representatives agreed to collaborate closely with the Secretariat in the preparation of the efficiency and management studies called for in Governing Council decision 19/22. It was further decided that the first chapter of this joint work effort would be finalized in time to be presented by the Executive Director to member countries for consideration at the special session to be held in Nairobi, May 20-22 1998. Finally, in order to expedite this collaborative effort, the Committee of Permanent Representatives appointed a Task Force to work closely with the Secretariat on the analysis and investigations required. This Task Force, which comprised the Bureau of the Committee of Permanent Representatives together with two additional members from each regional group, held its first meeting on 28 January 1998 at which it, first, elected its own Bureau (Canada, Mexico and Uganda) and, second, agreed on detailed terms of reference for this work (attached in the appendix, below). Specifically, these terms of reference called for recommendations in the following areas:

(a) Procedures and practices to increase the efficiency and effectiveness of UNEP programme output delivery, including that delivered through offices in the regions;

(b) Appropriate allocations for the 1998-1999 MASC budget;

(c) Improved transparency throughout the budgetary process;

(d) Any further analyses and/or action required.

2. The Task Force met several times throughout February and March, under the chairmanship of Mr. Alex Kamugisha, the Permanent Representative of Uganda and Chairman of the Committee of Permanent Representatives. During these meetings, the Task Force received, analysed and discussed a vast amount of data from the Secretariat and conducted focused deliberations on broad personnel issues, as well as the management efficiency and effectiveness of selected individual programmes (i.e., Biodiversity and Water). In early March, the Chair entrusted a small group, comprising the Bureau of the Task Force, together with representatives from Brazil, India, Poland, South Africa and the United Kingdom of Great Britain and Northern Ireland, to conduct intensive and detailed deliberations with members of the Secretariat on specific technical topics and to report regularly on its findings to the Task Force. Prior to embarking on this intensive exercise, the Chair sought and obtained the full cooperation of the Executive Director. This resulted in a rigorous self-appraisal aimed at collectively identifying improvements to the efficiency and effectiveness of that organization. The Task Force wishes to express its sincere appreciation to the Executive Director and all those officials who assisted the Task Force in its work.

/...

3. Decision 19/22 of the Governing Council, calling for the reports on the MASC budget and on the UNEP regional offices, spoke of evaluating "whether it [MASC] is efficient and effective in delivering on the programmes of the United Nations Environment Programme" and of evaluating regional offices "with a view to enhancing effectiveness, efficiency, adequate distribution of funds and the implementation of the programme adopted by the Governing Council". Accordingly, the Task Force did not approach this task from the perspective of an accountant but, rather, from that of a shareholder. The fundamental premise of the Task Force has not been "how to save money", but, rather, "how can UNEP management and administrative functions, including those in regional offices, be made more efficient, more focused and more effective?"

4. The cornerstone of our work is the Nairobi Declaration. It is the firmly held view of the Task Force that only by improving the efficiency and effectiveness of UNEP will UNEP be, as stated in paragraph 2 of the Declaration, "the leading global environmental authority that sets the global environmental agenda". While central to securing this role, leadership is not in itself sufficient unless it is accompanied and supported by an efficient organizational machine. Indeed, a small programme which is well designed, financed and implemented will give UNEP more global authority than a larger programme which is unfocused, poorly implemented and unpredictably financed. In prioritizing its activities, UNEP should focus on those in which it has a comparative advantage, shedding those administrative functions which are not central to its global role.

A. Problems with the MASC budget

5. After considerable deliberation, the Task Force saw two independent sources of inefficiencies in the management and administrative support activities of UNEP. The first are internal inefficiencies which have been thoroughly addressed by the recent OIOS report. The Task Force agrees with the decision taken by the High-level Committee of Ministers and Officials at its March 1998 meeting that the Executive Director should move quickly to implement as appropriate the recommendations of that report. Moreover, the problem is compounded by the existing practice of approving a programme budget for which there is no predictable financing. In that regard, the Task Force concurs with ACABQ that "the level of resources to be made available to UNEP should be clearly defined in advance and in consultation with Member States, so as to provide a more secure and reliable base for planning and management of resources, instead of the current practice of resorting to ad hoc reprogramming in response to fluctuations in the provision of resources." 2/ When reprogramming occurs, often the last item to be cut is the MASC budget, thus increasing the proportion of UNEP administration and management costs. To reduce the MASC budget prematurely would, however, be neither rational nor economical, as funding could reappear during the biennium and necessitate the rehiring of people that had just been released.

2/ ACABQ report on the revised budgets for 1996-1997 and 1998-1999 of the Environment Fund, circulated in document UNEP/GCSS.V/INF/3 (see page 2, fifth paragraph).

6. Since by far the greater part of UNEP core funding, namely, the Environment Fund, relies entirely on voluntary contributions by member countries, the programme budget which can be implemented is unknown by the Governing Council session which approves it. As a result, for the 1998-1999 period, the nineteenth session of the Governing Council approved a programme budget of $75 million, together with a MASC budget of $27.5 million. While it must be recognized that a good portion of the MASC budget comprises fixed costs for the operation of UNEP, regardless of its programme level, a certain component of the MASC budget is related to (variable with) the size of the programme to be implemented. Thus, the reality of the situation is that the Secretariat for the 1998-1999 period will gear up a MASC budget of $27.5 million in order to implement a $75 million programme. The programme budget approved at any Governing Council session is, however, at best a target, pending pledges and the receipt of sufficient funding.

7. It is the view of the Task Force that the complete set of changes required can only be implemented in the budget for 2000-2001. Significant improvements towards this end can, however, be made within the current biennium.

8. Within this context, the Task Force makes the following recommendations:

(a) Should the $75 million programme remain feasible, the $27.5 million approved by the Governing Council at its nineteenth session for the MASC budget for 1998-1999 should remain. Should, however, adequate programme financing not be forthcoming, the Executive Director should reduce the MASC budget accordingly;

(b) Even with a $75 million programme, however, further efficiencies can be achieved within the MASC allocation (e.g., in the areas of the administrative interface between UNEP and the United Nations Office at Nairobi; and the regional offices). The Executive Director should seek to identify such further efficiencies, implement them and report to Governments on progress achieved at the twentieth session of the Governing Council. All resources released as a result of the Executive Director's efficiency gains should be transferred to the programme budget approved by the Governing Council at the nineteenth session;

(c) If UNEP if to fulfil its mandate properly, the Executive Director requires the ability to respond to environmental crises and emerging issues. In this regard, the Task Force recommends that the Programme Reserve be used for this purpose and that the Executive Director present to the Governing Council at its twentieth session a strategy on the role of UNEP in environmental emergencies, together with an appropriate budget level for the Programme Reserve;

(d) The UNEP budget preparation and approval process should be amended in the following ways:

(i) For the 2000-2001 biennium, UNEP should submit to member countries for their approval a core programme of activities as mandated by the Nairobi Declaration;

(ii) This core budget would be financed by financial commitments made well in advance by all member Governments;

(iii) Programme activities outside the core would not be approved or undertaken until the core programme was fully financed;

(iv) Programme activities which are supplementary to the core would be financed either by supplementary contributions to the Environment Funds or through trust fund or counterpart contribution funding;

(v) Governments, through the Governing Council's subsidiary bodies and regional consultative processes, should be active participants throughout the programme development and prioritization process leading to the budgetary submission to the Governing Council; and

(vi) As an interim step towards defining UNEP core activities, the Executive Director should, on an exceptional basis, re-examine the 1998-1999 programme approved by the Governing Council at its nineteenth session, in the light of the Nairobi Declaration, and submit any proposed reallocations to a subsidiary body of the Governing Council for its approval. The Governing Council, at its special session, shall nominate the subsidiary body that will be entrusted with this responsibility.

B. United Nations Office at Nairobi

9. The United Nations Office at Nairobi was established in 1996 in order to centralize the administrative functions of UNCHS (Habitat), UNEP and the United Nation's common services office, with the aim of providing more efficient and effective administrative services to these organizations. It is the view of the Task Force that present problems stem from the fact that the centralization exercise was insufficiently planned, leading to haphazard implementation.

10. The Task Force examined the budget development and approval process of the United Nations Office at Nairobi. The Office's budget for the current biennium totals $28.6 million, of which $11.9 million is regular budget funding, obtained through the normal New York process. Of the remaining $16.7 million, $6.2 million is for conference services, which are financed directly from fees charged. The remaining $10.5 million, however, is determined and funded in a less than transparent and ad hoc fashion through negotiations with the main clients of the United Nations Office at Nairobi, UNEP and UNCHS (Habitat). In 1996-1997, this extrabudgetary allocation was funded though a trilateral agreement on cost-sharing, i.e., UNEP (75 per cent) and UNCHS (Habitat) (25 per cent); these percentages being based on estimates of the Office's workload for each client. Owing to the weak financial situation of UNCHS (Habitat), however, UNEP has been forced to finance some of the United Nations Office at Nairobi services provided to UNCHS (Habitat).

11. Accordingly, the Task Force makes the following recommendations:

(a) The Executive Director should conduct an evaluation of the progress achieved to date in rationalizing the administrative functions into the United Nations Office at Nairobi; to identify ways to achieve further efficiencies; to assess whether the further transfer of tasks would increase efficiency; and to recommend an appropriate cost-sharing formula. In carrying out this evaluation, the Executive Director may wish to call upon the United Nations Joint Inspection Unit, which has recently conducted a study of the United Nations Office at Geneva. The Executive Director should report on progress achieved to the Committee of Permanent Representatives in September 1998;

(b) The Executive Director should review the application of the current procurement and contracting procedures used by the United Nations Office at Nairobi and report his findings and recommendations to member countries;

(c) The UNEP contribution to the budget of the United Nations Office at Nairobi should only be for services rendered to UNEP and not used to subsidize the Office's provision of services to other organizations;

(d) The United Nations Office at Nairobi should develop a specific budget in line with the UNEP core budget. Should the overall programme of UNEP extend beyond its core, the United Nations Office at Nairobi would provide a concomitant incremental budget for additional services rendered; and

(e) The UNEP contribution to the budget of the United Nations Office at Nairobi should be developed and approved within the Governing Council process for the UNEP budget. Moreover, the Director-General of UNON should explain and justify fully to the UNEP Governing Council any UNEP funds allocated for United Nations Office at Nairobi services.

C. Regional offices of UNEP

12. "UNEP's Programme is implemented in the regions and thus UNEP cannot be an authoritative body unless its regional presence is strong and effective."

13. At present the six UNEP regional offices perform, to varying degrees, a number of critical functions. The Task Force found, however, that UNEP does not have a vision and mandate common to all regional offices. The core function for all regional offices is to perform a liaison and representational function on behalf of UNEP headquarters in their region, as well as to mobilize and assist Governments' participation in the development, articulation and implementation of regional environmental priorities for the approved UNEP programme. In addition, however, certain regional offices (e.g., Regional Office for Europe; Regional Office for North America) have responsibility for the delivery of global programmes in their region, as well as responsibility for performing work which is essentially of a headquarters nature, involving liaison with United Nations Headquarters or agencies.

14. The Task Force saw a strengthening and focused presence by all regional offices as essential in order for UNEP successfully to assume its role as defined by the Nairobi Declaration. With this in mind, the Task Force makes the following recommendations:

(a) A central component of the Secretariat's report on regional offices (called for in Governing Council decision 19/22) should be the establishment of a common core mandate and set of regional responsibilities for all regional offices and adequate funding requirements for each regional office, so that they can deliver equally on this mandate. Additional and separate funding would then be provided to regional offices with additional, global responsibilities;

(b) As the Executive Director is responsible for the efficiency and effectiveness of the regional offices, the Executive Director should ensure a clear definition of the functional and structural relationship between UNEP and its regional offices;

(c) One of the primary responsibilities of the regional offices is to encourage Governments, including through regional environmental bodies, to develop and articulate regional priorities for UNEP as part of the Governing Council budget development and approval process; and

(d) Regional offices should be an integral part of, and should be consulted early and throughout, UNEP programme preparation, prioritization and implementation processes.

D. Trust funds and counterpart contributions

15. While trust fund financing constituted roughly one third the level of Environment Fund contributions in 1992, by 1997 the level of financing from trust funds ($50 million) surpassed that of contributions to the Environment Fund programme ($42 million). Current projections for the 1998-1999 biennium foresee total expenditures funded by trust funds totalling $108.2 million. Of this total, $55.3 million comes from trust fund contributions related to various environmental conventions and thus is not directly related to the UNEP programme approved by the Governing Council at its nineteenth session. That said, fully $53 million of programme expenditures are forecast to be financed through trust funds in the current budgetary biennium. This compares with a Governing Council-approved programme for 1998-1999 of $75 million.

16. The Task Force did not consider the issue of trust fund financing of environmental conventions, which, nevertheless, the Executive Director may wish to examine. Rather, the focus of the Task Force's examination was trust fund and counterpart contribution funding of UNEP programme activities. While a welcome source of supplementary programme financing and a flexible mechanism by which a variety of government departments in member countries can finance activities of particular national interest and through which the Executive Director can raise funds from the private sector, the growing proportion of trust funds as a source of programme funding for UNEP is a matter of concern for the following reasons:

(a) Trust fund and counterpart contribution financing subverts the carefully negotiated multilateral programme priorities contained in the budget approved by the Governing Council;

(b) Trust fund and counterpart contribution financing tends to work to the disadvantage of poorer countries and their priorities;

(c) While 13 per cent of trust fund contributions are earmarked to cover project overheads, there is compelling evidence that, in some cases, this amount does not cover the entire management and administrative costs and organization-wide overheads, thus resulting in cross-subsidization from the Environment Fund; and

(d) Counterpart funds do not carry any overhead charge and thus, likewise, draw upon the Fund's management and administrative resources.

17. To estimate the overall, organization-wide management and administrative ratio for UNEP, it is necessary to add together the UNEP MASC budget and the UNEP share of the United Nations Office at Nairobi regular budget and UNEP regular budget from United Nations Headquarters and to divide this total by the total UNEP budget.

18. For selected bienniums, this overall management and administrative overhead ratio has the following values:

- 1990-1991 33.5%
- 1996-1997 38.3%
- 1998-1999 30.6%

19. It should be pointed out that these percentages do not include those management and administrative costs financed through the budget for programme activities and thus the ratio used here may underestimate slightly the true picture. On the other hand, the above ratios may slightly overestimate management and administrative costs, owing to differing coverage of conference services costs over the years.

20. Thus, in 1998-1999, 30.6 per cent of every dollar in the total UNEP budget is spent on overheads and management and administrative costs. In comparing the ratio for 1996-1997 and 1998-1999, two points come to mind. First, UNEP has achieved real economies in its MASC expenditures in 1998-1999. The 1998-1999 value of 30.6 per cent assumes, however, that the $75 million programme will be realized. If, for example, Environment Fund contributions only provide for a $60 million programme, then, ceteris paribus, the ratio will rise to 34.8 per cent for this biennium.

21. While member countries may obtain a short-term advantage by using the trust fund route, whereby they see 87 per cent (rather than 69.4 per cent via the Environment Fund) of every dollar going to programme activities, they are securing this advantage through a weakening of the Environment Fund, which is not sustainable in the long run. Indeed, if present trends continue, the entire Environment Fund may be dedicated to the MASC budget, leaving the

entire Governing Council-approved programme of activities to be financed from trust funds and counterpart contributions.

22. Given this situation, the Task Force makes the following recommendations:

(a) Contributions by all member countries should in the first instance be to the Environment Fund;

(b) Trust funds and counterpart contributions should be channelled towards financing those activities which relate directly to the prioritized activities in the Governing Council-approved budget;

(c) Trust fund and counterpart contribution-funded activities should pay their full share of overhead and management and administrative costs. While the current 13 percent is in some cases too low, a more flexible approach should be examined, whereby a graduated formula be used in order to reflect the fact that not all trust fund projects entail the same impact on management and administrative resources; and

(d) The Task Force agrees with ACABQ that member countries should improve multilateral oversight on trust fund and counterpart contribution financing. In this regard, the Executive Director should submit to the Committee of Permanent Representatives quarterly reports on activities financed through such funds.

Nairobi April 16, 1998

Appendix

TASK FORCE OF THE UNEP COMMITTEE OF PERMANENT REPRESENTATIVES: TERMS OF REFERENCE FOR EVALUATION STUDY

1. Introduction

A. In paragraph 5 of section II, "Management and administrative support costs budget", of decision 19/22, "The Environment Fund budgets: revised proposals for 1996-1997 and proposals for 1998-1999", the Governing Council:

> "Also requests the Executive Director to present a report to member States that contains an evaluation, based, inter alia, on the report of the Secretary-General, of the management and administrative support of the United Nations Environment Programme, including how it interacts with the United Nations Office at Nairobi, and whether it is efficient and effective in delivering on the programmes of the United Nations Environment Programme. This report will be distributed to member States well in advance of the next session of the Governing Council for their review. Based on this report and other available information, the Governing Council will review the levels of appropriations for the management and administrative support costs budget in both the 1996-1997 and 1998-1999 bienniums".

B. In paragraph 6 of section III, "Programme of work: revised appropriation for Fund programme activities in 1996-1997 and appropriation for Fund programme activities in 1998-1999", of decision 19/22, "The Environment Fund budgets: revised proposals for 1996-1997 and proposals for 1998-1999", the Governing Council:

> "Also requests the Executive Director, in consultation with the Office of Internal Oversight Services, to undertake, as a priority, an evaluation of the role, functions (including editing and publications, responsiveness to requests from Governments for assistance and advisory services) and management of all of the United Nations Environment Programme regional offices, with a view to enhancing effectiveness, efficiency, adequate distribution of funds and the implementation of the programme adopted by the Governing Council. This evaluation report would be submitted in advance of the next session of the Governing Council, at which time the funding levels of all regional offices will be reviewed. Interested Governments are welcome to submit contributions".

C. In paragraph 12 of section I, "Resources of the Environment Fund", of decision 19/22, "The Environment Fund budgets: revised proposals for 1996-1997 and proposals for 1998-1999", the Governing Council:

> "Further approves an extraordinary additional appropriation of Fund resources in 1998-1999 of up to 1 million dollars for the management and administrative support costs budget, to be earmarked for the following activities:

"(a) An amount of 500,000 dollars for the studies requested in paragraph 5 of section II and paragraph 6 of section III of the present decision and other activities directly related to the implementation of improved management and administrative practices by the United Nations Environment Programme;

"(b) An additional amount of 500,000 dollars for the costs associated with the anticipated special session of the Governing Council in the event that these costs are not covered by the United Nations regular budget".

2. Methodology

These evaluations shall be conducted by the Secretariat, in cooperation with the Committee of Permanent Representatives, on the basis of the analyses and recommendations from the Coopers and Lybrand study, the ACABQ report and the 1996 OIOS report, plus others. Furthermore, the recommendations of this study shall take into consideration ongoing work at UNEP to harmonize its budget presentation with that of other United Nations bodies. Separate reports, as required, will be prepared based on the above analyses.

3. Definitions

Management, administration, programme support and programme budgets, posts and institutional structures at UNEP (headquarters), offices in the regions, the United Nations Office at Nairobi and convention secretariats covering project-related management, administration and programme support costs vis-à-vis outputs.

4. Data to be collected

(a) Sources of funds: amounts available over the 1988-97 period from the following sources:

- Regular budget (New York);
- Environment Fund;
- Trust funds and counterpart contributions, including overhead funds;

(b) GEF funds;

(c) Allocation and use of funds: for each of the above sources, based on the definitions above, allocation and use of funds over the 1988-1997 period;

(d) Overall ratio: between management, administration, programme support and programme over the 1988-1997 period.

5. Analysis

The fundamental questions are: Can the ratio of programme to management, administration and programme support be increased and, if so,

how? In addressing these questions, the following issues should be examined, inter alia:

- Extent of unnecessary overlaps in management, administration, programme support activities by UNEP (headquarters); offices in the regions; convention secretariats and the United Nations Office at Nairobi;
- Continued relevance of activities to their environmental objective (i.e., zero-basing of UNEP activities);
- Identification of barriers/institutional constraints to a more efficient and effective utilization of resources by UNEP;
- Options to achieve a more efficient allocation and performance of personnel and the implications of this on the institutional structure;
- Adequacy of the 13 per cent overhead charge on trust funds and counterpart contributions in covering programme support and administration;
- Assessment of the role, functions and management of the UNEP offices in the regions.

6. Recommendations

Based on the above, recommendations should include, inter alia, proposals for:

- Procedures and practices to increase the efficiency and effectiveness of its programme output delivery, including that delivered through offices in the regions;
- Appropriate allocations for the 1998-1999 MASC budget;
- Improved transparency throughout the budgetary process;
- Any further analyses and/or action required.

Annex II

TRUST FUNDS ADMINISTERED BY UNEP (LISTED BY CATEGORIES)

No.	Accounting Code	Exact Name of Trust Fund	Establishment Year	Current Expiry Date	UNEP Sub-Programme					Convention Secretariat	1996 - 1997 Expenditures	Funds Available for 1998/1999
					1	2	3	4	5			
A.	GENERAL TRUST FUNDS											
A.1	AM	General Trust Fund for the African Ministerial Conference on the Environment (AMCEN).	1996	12/31/2000					1.00		18.00	802,270.00
A.2	BC	Trust Fund for the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal.	1993	12/31/2002			1.00			YES	3,291,789.00	5,146,797.00
A.3	BD	Trust Fund to Assist Developing Countries and Other Countries in Need of Technical Assistance in the Implementation of the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal.	1993	12/31/2002			1.00			YES	713,047.00	1,188,429.00
A.4	BE	General Trust Fund for Additional Voluntary Contributions in Support of Approved Activities under the Convention on Biological Diversity.	1997	12/31/1999	1.00					YES	28.00	306,707.00
A.5	BY	General Trust Fund for the Convention on Biological Diversity.	1995	12/31/1999	1.00					YES	10,785,041.00	6,959,172.00
A.6	BZ	General Trust Fund for Voluntary Contributions to Facilitate the Participation of Parties in the Process of the Convention on Biological Diversity.	1997	12/31/1999	1.00					YES	792,277.00	76,231.00
A.7	CR	Regional Trust Fund for the Implementation of the Action Plan for the Caribbean Environment Programme.	1981	12/31/1999	1.00					YES	2,535,380.00	2,040,219.00
A.8	CT	Trust Fund for the Convention on International Trade in Endangered Species of Wild Fauna and Flora.	1979	12/31/2000	1.00					YES	9,161,868.00	2,579,542.00
A.9	EA	Regional Seas Trust Fund for the Eastern African Region.	1986	12/31/1997	1.00						1,099,357.00	1,619,963.00
A.10	EE	General Trust Fund for Environmental Emergencies.	1997	Not Fixed					1.00		0.00	0.00
A.11	ES	Regional Trust Fund for the Implementation of the Action Plan for the Protection and Development of the Marine Environment and Coastal Areas of East Asian Seas.	1981	12/31/1998	1.00						528,057.00	1,099,886.00
A.12	ET	Trust Fund for the Environmental Training Network in Latin America and the Caribbean.	1989	12/31/1998					1.00		210,713.00	273,359.00
A.13	GP	General Trust Fund in Support of the Implementation of the Global Programme of Action for the Protection of the Marine Environment from Land-based Activities (GPA), and Related Information Exchange and Technical Assistance.	1997	Not Fixed	1.00						0.00	0.00
A.14	HL	General Trust Fund in Support of the Work of the UNEP High Level Committee of Ministers and Officials.	1997	Not Fixed				1.00			7,290.00	34,084.00
A.15	KA	Regional Trust Fund for Protection and Development of Marine Environment and Coastal Areas of Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.	1978	12/31/1999	1.00						0.00	95,896.00
A.16	ME	Trust Fund for Protection of the Mediterranean Sea Against Pollution.	1979	12/31/1999	1.00					YES	11,216,916.00	5,687,442.00
A.17	MP	Trust Fund for the Montreal Protocol on Substances that Deplete the Ozone Layer.	1989	12/31/2000		1.00				YES	5,089,156.00	3,499,679.00

TRUST FUNDS ADMINISTERED BY UNEP (LISTED BY CATEGORIES)

No.	Accounting Code	Exact Name of Trust Fund	Establishment Year	Current Expiry Date	UNEP Sub-Programme 1	2	3	4	5	Convention Secretariat	1996 - 1997 Expenditures	Funds Available for 1998/1999
A.18	MS	Trust Fund for the Convention on Conservation of Migratory Species of Wild Animals.	1986	12/31/2000		1.00				YES	2,091,281.00	2,067,413.00
A.19	PF	General Trust Fund in Support of the Work of the Government-Designated Group of Experts on Chemical Risk Reduction.	1996	Not Fixed			1.00				102,545.00	24,998.00
A.20	PN	General Trust Fund for the Protection, Management and Development of Coastal and Marine Environment and the Resources of Northwest Pacific Region.	1995	12/31/1999	1.00						174,687.00	319,998.00
A.21	PO	General Trust Fund in Support of the Preparation for and Negotiation of an Internationally Legally Binding Instrument for International Action on Persistent Organic Pollutants, and Related Information Exchange and Technical Assistance Activities.	1997	Not Fixed			1.00				206,699.00	912,038.00
A.22	PP	General Trust Fund in Support of the Preparation and Negotiation of an International Legally Binding Instrument for the Application of the Prior Informed Consent Procedure for Certain Hazardous Chemicals in International Trade.	1995	Not Fixed			1.00				1,127,102.00	592,052.00
A.23	RC	General Trust Fund in Support of the Implementation of Governing Council Decisions in the North American Region.	1998	Not Fixed					1.00		0.00	0.00
A.24	SA	Trust Fund for the Financing of the New International Environment Prize (Sasakawa Environment Prize).	1982	Not Fixed					1.00		800,171.00	1,560,000.00
A.25	ST	United Nations Trust Fund for the Environment Stamp Conservation Fund.	1984	31/12/199?	1.00						0.00	0.00
A.26	VC	Trust Fund for the Vienna Convention for the Protection of the Ozone Layer.	1989	12/31/2000		1.00				YES	1,099,704.00	1,136,870.00
A.27	WA	Trust Fund for the Protection and Development of the Marine Environment and Coastal Areas of West and Central African Region.	1981	12/31/1999	1.00						391,379.00	76,692.00
		A. SUB-TOTAL									**51,424,505.00**	**38,099,735.00**

B. TECHNICAL COOPERATION TRUST FUNDS (GENERAL)

B.1	AH	Technical Cooperation Trust Fund to Assist the Implementation of Agenda 21 in Europe and to Strengthen the Pan-European Environmental Cooperation (Financed by the Government of the Netherlands).	1995	12/31/1998					1.00		476,802.00	183,578.00
B.2	AN	Technical Cooperation Trust Fund in Support of the UNEPnet Implementation Centre (Financed by the Government of Norway).	1997	31/12/02					1.00		15.00	383,573.00
B.3	AS	Technical Cooperation Trust Fund to Assist Developing Countries to Take Action in Accordance with Agenda 21 (Financed by the Government of Sweden).	1994	12/31/1997	0.14	0.04		0.24	0.54		572,253.00	276,828.00
B.4	BS	Technical Cooperation Trust Fund to Support Establishment of Regional Centres Under the Basel Convention (Financed by the Government of Switzerland).	1997	12/31/1999			1.00			YES	190,505.00	457,917.00
B.5	CD	Technical Cooperation Trust Fund to Provide Consultancies to Developing Countries (Financed by the Government of Finland).	1986	12/31/1998	0.75				0.25		107,735.00	70,249.00
B.6	CG	Technical Cooperation Trust Fund to Assist the International Agricultural Research Centres (IARCs) of the Consultative Group on International Agricultural Research (CGIAR) in the Use of Geographic Information Systems in Agricultural Research Management (Financed by the Government of Norway).	1994	Not Fixed					1.00		539,679.00	33,151.00
B.7	CM	Technical Cooperation Trust Fund to Strengthen the Capacities of Developing Countries in the Management of Chemicals (Financed by the Government of Switzerland).	1993	12/31/1995			1.00				(1,255.00)	0.00

TRUST FUNDS ADMINISTERED BY UNEP (LISTED BY CATEGORIES)

No.	Accounting Code	Exact Name of Trust Fund	Establishment Year	Current Expiry Date	UNEP Sub-Programme					Convention Secretariat	1996 - 1997 Expenditures	Funds Available for 1998/1999
					1	2	3	4	5			
B.8	DN	Technical Cooperation Trust Fund in Support of the Network for Environmental Training at Tertiary Level in Asia and the Pacific (NETTLAP) (Financed by the Government of Denmark).	1996	12/31/1998					1.00		150,950.00	225,826.00
B.9	EL	Technical Cooperation Trust Fund to Strengthen the Institutional and Regulatory Capacity of Developing Countries in Africa (Financed by the Government of the Netherlands).	1993	12/31/1998				1.00			2,765,943.00	1,846,433.00
B.10	EM	Technical Cooperation Trust Fund for Activities in Developing Countries on Environmental Awareness and Machinery (Financed by the Government of Germany).	1988	12/31/1999					1.00		14,613.00	238,223.00
B.11	FM	Technical Cooperation Trust Fund for the Organization of a Technology Transfer Workshop on the Implementation of the Montreal Protocol for French Speaking African Countries (Financed by the Government of France).	1996	12/31/1996		1.00					108,680.00	15,545.00
B.12	GF	Technical Cooperation Trust Fund for UNEP's Implementation of the Activities Funded by the Global Environment Facility.	1991	06/30/2001	0.82	0.18					18,498,182.00	10,931,372.00
B.13	GN	Technical Cooperation Trust Fund in Support of the Coordination Office of the Global Programme Action for the Protection of the Marine Environment from Land-based Activities (Financed by the Government of the Kingdom of the Netherlands).	1998	31/12/03	1.00						0.00	123,996.00
B.14	HA	Technical Cooperation Trust Fund in Support of the Meetings of the UNEP High Level Committee of Ministers and Officials.	1997	Not Fixed				1.00			82,269.00	217,731.00
B.15	IM	Technical Cooperation Trust Fund for UNEP's Implementation of the Multilateral Fund Activities.	1991	Not Fixed		1.00					8,100,501.00	2,047,753.00
B.16	IP	Technical Cooperation Trust Fund to Assist the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer in Developing Countries (Financed by the Government of Sweden).	1990	12/31/1999		1.00					311,701.00	311,063.00
B.17	IT	NFOTERRA Technical Cooperation Trust Fund (Financed by the Government of the United States of America).	1990	12/31/1998					1.00		3,720.00	72,606.00
B.18	JC	Technical Cooperation Trust Fund for the Establishment of the International Environment Technology Centre in Japan.	1991	Not Fixed	0.05		0.95				5,248,566.00	2,402,713.00
B.19	JG	Technical Cooperation Trust Fund to Support Activities on Environmental Issues (Financed by the Government of Japan).	1994	Not Fixed			1.00				113,000.00	205,899.00
B.20	KI	Technical Cooperation Trust Fund to Develop and Coordinate the Implementation of the Plan for the Survey, Assessment and Dealing with the Consequences of Environmental Damage caused by Conflict between Kuwait and Iraq.	1991	12/31/1999	1.00						(1,118.00)	406,363.00
B.21	KL	Technical Cooperation Trust Fund to Support National Land Degradation Assessment and Mapping in Kenya (Financed by the Government of the Netherlands).	1993	12/31/1997	1.00						163,005.00	39,244.00
B.22	MH	Technical Cooperation Trust Fund to Promote Technical Cooperation and Assistance in Industrial, Environmental and Raw Material Management (Financed by the Government of Sweden).	1985	12/31/1997		1.00					444,417.00	431,857.00
B.23	MI	Technical Cooperation Trust Fund to Promote Managerial Innovation and Excellence (Financed by the Government of United States of America).	1994	Not Fixed	0.36	0.11	0.11	0.08	0.33		59,603.00	2,392.00
B.24	RU	Technical Cooperation Trust Fund in Support of Meetings of Sub-Committees or Working Groups on Programmatic and Administrative Reform of UNEP.	1997	Not Fixed				1.00			0.00	800,000.00
B.25	VM	Technical Cooperation Trust Fund to Assist Developing Countries to Take Action for the Protection of the Ozone Layer Under the Vienna Convention and Montreal Protocol (Financed by the Government of Finland).	1990	12/31/1999		1.00					75,651.00	469,038.00
		B. SUB-TOTAL									**38,025,217.00**	**22,183,348.00**

TRUST FUNDS ADMINISTERED BY UNEP (LISTED BY CATEGORIES)

No.	Accounting Code	Exact Name of Trust Fund	Establishment Year	Current Expiry Date	UNEP Sub-Programme 1	2	3	4	5	Convention Secretariat	1996 - 1997 Expenditures	Funds Available for 1998/1999
C.	**TECHNICAL COOPERATION TRUST FUNDS (PERSONNEL)**											
C.1	CE	Technical Cooperation Trust Fund for Financing of Professional Officers (Financed by the Government of Finland).	1988	Not Fixed	0.72		0.25		0.03		277,186.00	315,754.00
C.2	GI	Technical Cooperation Trust Fund to Provide Experts to the UNEP/GRID (Financed by the Government of the United States of America)	1987	Not Fixed					1.00		(13,659.00)	55,870.00
C.3	SD	Technical Cooperation Trust Fund for the Secondment of a UNEP Senior Officer to the CSD Secretariat of the Intergovernmental Panel on Forests (Financed by the Government of the Netherlands).	1996	Not Fixed	1.00						193,565.00	94,431.00
C.4	TA	Technical Cooperation Trust Fund for Provision of Junior Professional Officers (Financed by the Government of Austria).	1990	Not Fixed			1.00				133,103.00	89,978.00
C.5	TB	Technical Cooperation Trust Fund for Provision of Junior Professional Officers (Financed by the Government of Belgium).	1993	Not Fixed	0.45		0.13	0.42			200,557.00	156,543.00
C.6	TD	Special Purpose Trust Fund for Government of Denmark's Agreement with UNEP for the Provision of Junior Professional Officers.	1993	Not Fixed		0.06	0.94				411,789.00	497,745.00
C.7	TE	Technical Cooperation Trust Fund for the Provision of Professional and Junior Professional Officers (Financed by the Government of the United States of America)	1997	Not Fixed			1.00				143,665.00	(143,665.00)
C.8	TG	Special Purpose Trust Fund for the Provision of Junior Professional Officers (Financed by the Government of Germany).	1983	Not Fixed	0.04			0.77	0.19		273,693.00	105,378.00
C.9	TH	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (Financed by the Government of the Netherlands).	1988	Not Fixed	0.10			0.31	0.59		369,890.00	294,725.00
C.10	TI	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (Financed by the Government of Italy).	1989	Not Fixed				0.12	0.88		167,887.00	12,710.00
C.11	TJ	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (Financed by the Government of Japan).	1985	Not Fixed	1.00						39,950.00	346,118.00
C.12	TK	Technical Cooperation Trust Fund for the Provision of Professional Officers (Financed by the Government of the Republic of Korea)	1990	Not Fixed	0.02		0.98				247,230.00	201,229.00
C.13	TN	Special Purpose Trust Fund for the Government of Norway's Agreement with UNEP for the Provision of Junior Professional Officers.	1982	Not Fixed	1.00						(3,701.00)	3,700.00
C.14	TR	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (Financed by the Government of France).	1990	Not Fixed	0.50	0.23			0.27		261,609.00	190,227.00
C.15	TS	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (Financed by the Government of Sweden).	1989	Not Fixed	0.45	0.55					521,011.00	24,465.00
C.16	TX	Technical Cooperation Trust Fund for the Provision of Junior Professional Officers (Financed by the Government of Australia).	1995	Not Fixed	1.00						122,588.00	85,275.00
C.17	ZA	Technical Cooperation Trust Fund for the Provision of a Mining Expert (Financed by the South African Chamber of Mines).	1997	Not Fixed		1.00					20.00	65,668.00
		C. SUB-TOTAL									**3,346,383.00**	**2,396,151.00**
D.	**SPECIAL ACCOUNTS AND TRUST FUNDS**											
D.1	MF	Trust Fund for the Multilateral Fund for the Implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer.	1991	Not Fixed		1.00				YES	258,194,819.00	319,784,106.00
		D. SUB-TOTAL									**258,194,819.00**	**319,784,106.00**
		GRAND TOTAL									**360,990,824.00**	**382,473,340.00**

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SUMMARY 1996 - 1997 EXPENDITURES AND FUNDS AVAILABLE FOR 1998/1999 AS AT 31 MARCH 1998
FOR ALL UNEP ADMINISTERED TRUST FUNDS

Trust Funds Number	Description	1996 - 1997 Expenditures	Funds Available for 1998/99
27	**General Trust Funds**	**51,424,606.00**	**38,099,736.00**
11	Conventions, Protocols, Regional Seas Programmes and their Secretariats	45,676,783.00	29,551,631.00
16	Others	5,747,722.00	8,548,104.00
26	**Technical Cooperation Trust Funds (General)**	**38,026,217.00**	**22,193,348.00**
1	Conventions, Protocols, Regional Seas Programmes and their Secretariats	190,505.00	457,917.00
24	Others	37,834,712.00	21,735,431.00
17	**Technical Cooperation Trust Funds (Personnel)**	**3,346,383.00**	**2,396,161.00**
1	**Special Account and Trust Fund**	**268,194,819.00**	**319,784,106.00**
1	Multilateral Fund	258,194,819.00	319,784,106.00
70	**GRAND TOTAL**	**360,990,924.00**	**382,473,340.00**

Annex III

COUNTERPART CONTRIBUTIONS EXPENDITURES FOR 1996-1997
(based on provisional biennium financial records as available on 20 April 1998)

Budget Line	Programme area	Expenditures in US$		
		1996	1997	Total
1	**Sustainable management and use**			
	of natural resources			
1100	Freshwater, coastal and marine	353,375	271,839	625,214
1200	Biological resources	488,497	775,679	1,264,176
1300	Land resources	122,039	345,897	467,936
1500	Atmosphere	110,408	260,503	370,911
	Total	1,074,319	1,653,918	2,728,237
2	**Sustainable production and consumption**			
2100	Sustainable production and consumption	1,348,328	1,056,448	2,404,776
2200	Energy	778,815	877,031	1,655,846
	Total	2,127,143	1,933,479	4,060,622
3	**A better environment for human**			
	health and well-being			
3100	Toxic chemicals and waste	239,415	108,324	347,739
3200	promotion of health through management	1,903	0	1,903
3210	Emerging environmental health issues	0	224,594	224,594
3220	IETC	0	0	0
3300	Emerging environmental health issues	60,649	-35	60,614
3400	Environmental change and emergencies	0	0	0
	Total	301,967	332,883	634,850
4	**Globalization and the Environment**			
4100	Trade and the environment	226,146	278,891	505,037
4200	Environment and economics	-7,388	279,494	272,106
4300	Environmental law	771,964	804,701	1,576,665
	Total	990,722	1,363,086	2,353,808
5	**Global and regional servicing and**			
	support			
5.1	**Support to regional cooperation**			
5210	ROA	6,145	-333	5,812
5220	ROAP	-24,202	3,548	-20,654
5230	ROE	0	128,716	128,716
5240	ROLAC	-2,215	307,947	305,732
5250	RONA	399,332	-58,774	340,558
5260	ROWA	0	0	0
	Total	10,000	0	10,000
		382,915	381,104	764,019
5.2	**Environmental assessment, regional**			
	networks and UNEPNet			
5510	Environmental assessment	518,120	504,050	1,022,170
5520	Coordination and promotion of policy	43,788	40,517	84,305
5530	ENRIN	4,685	0	4,685
5540	Environmental information service	16,548	137,082	153,630
5550	Communication/electronic services	0	0	0
	Total	583,141	681,649	1,264,790
5.3	**Policy, GC, inter-agency affairs and**			
	resources			
5310	Environmental citizenship, public info,	0	0	0
	awareness, education	158,369	68,488	226,857
5320	Inter-agency and policy affairs	0	0	0
5330	Resource mobilisation	0	0	0
	Total	158,369	68,488	226,857
	Total Environment Fund CPs	**5,618,576**	**6,414,607**	**12,033,183**

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Budget Line	Programme area	Expenditures in US$		
		1996	1997	Total
	Convention Secretariats and trust funds			
1100	Mediterranean Secretariat (convertible currency)	435,033	41,847	476,880
	Mediterranean Secretariat (non-convertible)	417,092	361,486	778,578
1100	Caribbean Secretariat (convertible currency)	35,020	613,909	648,929
	Caribbean Secretariat (non-convertible)	0	16,995	16,995
1200	Convention on Migratory Species (CMS)	-24,105	93,344	69,239
1200	CITES	646,773	923,270	1,570,043
1200	Interim Secretariat for Biodiversity	-27,281	0	-27,281
3100	Basel Convention	173,871	241,251	415,122
4310	Ozone Secretariat	313,214	307,521	620,735
	Total Convention Secretariats	**1,969,617**	**2,599,623**	**4,569,240**
	TOTAL COUNTERPART EXPENDITURES	**7,588,193**	**9,014,230**	**16,602,423**

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SUMMARY 1996 - 1997 EXPENDITURES AND FUNDS AVAILABLE AS AT 31 MARCH 1998
FOR ALL UNEP ADMINISTERED COUNTERPART CONTRIBUTIONS

Description	1996 Expenditures	1997 Expenditures	Funds Available in 1998
Counterpart contributions for UNEP activities	5,618,576.00	6,414,607.00	(no breakdown available)
Counterpart contributions for Convention activities	1,969,617.00	2,599,623.00	(no breakdown available)
GRAND TOTAL	**7,588,193.00**	**9,014,230.00**	**8,623,974.00**

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Fifth special session
Nairobi, 20-22 May 1998
Item 6 of the provisional agenda*

PROGRESS IN THE INTERGOVERNMENTAL NEGOTIATIONS ON AN INTERNATIONAL LEGALLY-BINDING INSTRUMENT FOR THE APPLICATION OF THE PRIOR INFORMED CONSENT (PIC) PROCEDURE FOR CERTAIN HAZARDOUS CHEMICALS AND PESTICIDES IN INTERNATIONAL TRADE

Report of the Executive Director

1. In 1989, the Governing Council of UNEP, by its decision 15/30, and the Conference of the Food and Agriculture Organization of the United Nations (FAO), by its resolution 6/89, incorporated the Prior Informed Consent (PIC) procedure for pesticides and other chemicals that are banned or severely restricted into the London Guidelines on the Exchange of Information on Chemicals in International Trade and the International Code of Conduct on the Distribution and Use of Pesticides respectively. In accordance with decision 15/30 and resolution 6/89, UNEP and FAO jointly execute the voluntary PIC procedure.

2. In 1992, the United Nations Conference on Environment and Development (UNCED) in chapter 19 of Agenda 21, made recommendations for the conclusion of a legally binding instrument on Prior Informed Consent. Paragraph 19.39 (d) of Agenda 21 states that Governments and relevant international organizations with the cooperation of industry "should implement the PIC procedure as soon as possible and, in the light of experience gained, invite relevant international organizations such as UNEP, GATT, FAO, WHO and others in their respective area of competence to consider working expeditiously towards the conclusion of legally binding instruments".

3. The International Conference on Chemical Safety (ICCS), which met in Stockholm in April 1994, as well as the Commission on Sustainable Development at its second session, held in New York in May 1994, recommended that UNEP,

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* UNEP/GCSS.V/1.

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together with FAO and in close cooperation with other international organizations, continue to evaluate and address problems with the implementation of the voluntary PIC procedure and to develop effective legally binding instruments concerning it. 1/

4. At its hundred and seventh session, in November 1994, the FAO Council discussed the development of a legally binding instrument on the operation of the PIC procedure. The Council considered the actions required by FAO, in cooperation with UNEP, to conclude a legally binding instrument. The Council agreed that the FAO Secretariat should proceed with the preparation of a draft legally binding instrument on the operation of the PIC procedure as part of the joint FAO/UNEP programme on prior informed consent and in cooperation with other international and non-governmental organizations concerned. The Council discussed the time-frame required to develop a legally binding instrument. Many members considered that a draft instrument should be ready for adoption in 1997. The Council agreed that FAO should seek resources, jointly with UNEP, to finance the process for the preparation and conclusion of the legally binding instrument.

5. The Council was informed that progress on the instrument would be dependent on the availability of such resources. In the development of the instrument, close cooperation should be maintained with the Commission on Sustainable Development. 2/

6. To discuss the development of a legally binding instrument, UNEP, together with FAO, convened an informal consultative meeting of government-designated experts in December 1994. The meeting took note of UNEP's earlier work to prepare elements that might be included in a legally binding instrument. It identified several major issues that would need to be addressed during negotiations. Having noted the above-mentioned agreement of the FAO Council on the development of such an instrument, the meeting recommended that the Executive Director of UNEP seek a mandate to start negotiations for the development of a PIC convention during the eighteenth regular session of the Governing Council, in May 1995, with a view to its conclusion, possibly in 1997.

7. At its eighteenth session, the Governing Council discussed the progress made and action required towards the development of a legally binding instrument. In its decision 18/12, it authorized the Executive Director to prepare for and convene, together with FAO, an intergovernmental negotiating committee (INC/PIC), with a mandate to prepare an international legally binding instrument for the application of the PIC procedure for certain hazardous chemicals and pesticides in international trade.

8. In line with the guidance provided by their respective governing bodies, UNEP and FAO, at the invitation of the government of Belgium, convened the first session of the INC/PIC in Brussels, March 1996. More than

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1/ See E/1994/33-E/CN.17/1994/20, chap.I, para. 169.

2/ See Report of the Council of FAO, Hundred and Seventh Session, Rome, 15-24 November 1994 (CL 107/REP), paras. 48-50.

181 delegates from 81 Governments, one regional economic integration organization, five intergovernmental organizations and seven non-governmental organizations attended the first negotiating session.

9. The second session of the INC was convened from 16 to 20 September 1996 at UNEP headquarters in Nairobi. It was attended by 223 delegates from 87 countries, one regional economic integration organization, five United Nations organizations, and 14 non-governmental organizations. One substantial issue discussed at the second INC was the scope of the Convention, i.e. whether it should be:

(a) A broad framework with the possibility of adding protocols later on persistent organic pollutants (POPs), possibly labelling and classification, and other issues related to chemicals management; or

(b) A more restricted convention limited to PIC.

10. At its hundred and eleventh session, in October 1996, the FAO Council discussed the progress of the PIC negotiations. The Council expressed its satisfaction with the progress of the PIC negotiations and the cooperation between UNEP and FAO in the provision of the secretariat to the Intergovernmental Negotiating Committee. The Council discussed the scope of the mandate for the negotiations. Some members expressed support for a broader framework convention on the management of chemicals. Others suggested that the relevant provisions of the instrument be formulated in a way that could accommodate possible future developments. Yet others preferred to limit the INC/PIC negotiations to the PIC procedure only and wished to have a separate negotiation on persistent organic pollutants (POPs). As there was no consensus on the issue, the Council concluded that the existing mandate of the INC would continue. It noted that further discussions would take place at the nineteenth session of the UNEP Governing Council and that the subject of an integrated mechanism on chemicals management would also be discussed by the International Forum on Chemical Safety at its session in February 1997. Some members suggested that the Export Notification Scheme be included in the instrument. 3/

11. The FAO Council, in particular, indicated that the INC should continue focusing its attention on the elaboration of practical and operational procedures to implement the PIC procedure; recognized that the secretariat arrangements for the instrument would be decided upon by the INC and ultimately by the Diplomatic Conference convened to adopt the instrument. It, however, supported participation of FAO in the Secretariat, as far as this would be related to pesticides; recognized the lead role of FAO in technical work in relation to pesticide management and recommended that this role be strengthened; supported the participation of FAO in future discussions and negotiations on POPs and other issues related to pesticide management, stating that any Secretariat functions in such negotiations

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3/ See Report of the Council of FAO, Hundred and Eleventh Session, Rome, 1-10 October 1996 (CL 111/REP), paras. 22-23.

should be approved by the governing bodies of FAO; and recognized the need for technical assistance in relation to pesticide management in developing countries. 4/

12. At its nineteenth session, in January 1997, the UNEP Governing Council, in its decision 19/13 A, took note with appreciation of the progress made by the INC at its first and second sessions and:

(a) Confirmed the existing mandate of the Intergovernmental Negotiating Committee as given by the Governing Council in paragraph 1 of its decision 18/12;

(b) Invited the INC to continue its work on the international legally binding instrument for the application of the prior informed consent procedure for certain hazardous chemicals and pesticides in international trade, with an aim of concluding negotiations in 1997;

(c) Recognized that additional elements relating to the prior informed consent procedure are under consideration in the INC;

(d) Requested the Executive Director to convene, in 1997, together with the Director-General of FAO, a diplomatic conference for the purpose of adopting and signing an international legally binding instrument for the application of the PIC procedure for certain hazardous chemicals in international trade;

(e) Called upon Governments that are in a position to do so to provide the necessary financial and technical resources to enable the full and effective functioning of the INC, in particular the full and effective participation of developing countries, especially the least developed countries, and of countries with economies in transition that may be interested.

13. The third session of the INC was convened in Geneva from 26 to 30 May 1997 and was hosted by the Swiss Government. It was attended by 231 delegates from 102 Governments, one regional economic integration organization, six United Nations organizations, one intergovernmental organization, and 10 non-governmental organizations. Extensive debate took place on an article on acutely hazardous pesticide formulations that pose particular handling problems in developing countries. A delegation proposed the widening of its scope by incorporating chemicals causing severe health and environmental effects. Another issue that provoked extensive discussion was the number of notifications of control actions on bans and severe restrictions required to start the process of including a chemical in the PIC procedure.

14. The fourth session of the INC was convened at FAO headquarters in Rome from 20 to 24 October 1997, with financial support from the Governments of the United States of America and Norway. It was attended by 247 delegates from 90 countries, one regional economic integration organization, three United Nations organizations and nine non-governmental organizations. The Committee made good progress and now expected to conclude the negotiations in

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4/ Ibid., para 24.

one further session. The Technical Working Group that had been established at the second session concluded its work and the texts were now to be further elaborated in plenary and by the Legal Drafting Group, which had also been established at the second session.

15. In addition, the INC, recognizing that the negotiations for a PIC Convention were scheduled to be concluded in the first quarter of 1998, requested the Executive Director of UNEP and the Director-General of FAO, to submit a recommendation to their governing bodies, requesting that they:

(a) Consider mandating the involvement of UNEP and FAO in the operation of an Interim Secretariat and the Secretariat to the Convention as set out in the draft Convention text being considered for adoption by the Diplomatic Conference;

(b) Agree to accept any modifications in the voluntary PIC procedure decided upon by the Diplomatic Conference. 5/

16. The FAO Conference at its twenty-ninth session, held in Rome from 7 to 18 November 1997, welcomed the progress made by the Intergovernmental Negotiating Committee. The Conference authorized the participation of the FAO Secretariat in an Interim Secretariat and in a Secretariat to the Convention if so desired during the negotiations and adopted by the Diplomatic Conference, provided that such arrangements were satisfactory to the Director-General and that costs additional to the implementation of the present voluntary procedure be met through extra-budgetary resources. The Conference also agreed to accept changes in the voluntary PIC procedure, if so decided by the Diplomatic Conference, provided that costs additional to the implementation of the present voluntary procedure be met through extra-budgetary resources. 6/

17. The fifth session of the INC was convened in Brussels from 9 to 14 March 1998 with sponsorship from the European Commission. It was attended by 255 delegates from 95 countries, one regional economic integration organization, six United Nations organizations and 10 non-governmental organizations. After a week of hard and difficult negotiations, the Committee agreed on the draft PIC Convention 7/ and a draft resolution on interim arrangements. 8/

Issues to be considered by the Governing Council

18. The present voluntary PIC procedure will be superseded by the legally binding procedure in the future PIC Convention. There will be substantial differences between the procedures, the present procedure being less subject to government scrutiny. Furthermore, the legally binding procedure will only

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5/ See UNEP/FAO/PIC/INC.4/7, para. 47.

6/ The relevant excerpt from the report of the FAO Conference at its twenty-ninth session is annexed to the present report.

7/ UNEP/FAO/PIC/INC.5/3, appendix I.

8/ Ibid., appendix III.

start when the PIC Convention comes into force and then only for the countries that are a party to the Convention. At present some 150 countries participate in the voluntary procedure; it is unlikely that the legally binding procedure will initially have the same geographical coverage. The Diplomatic Conference will therefore have to make recommendations on the continuation and nature of the voluntary procedure between the adoption of the Convention and its entry into force. Consideration will also have to be given to the transition of the voluntary procedure into the legally binding procedure when the Convention comes into force, in particular with relation to those chemicals included in the voluntary procedure and the relation to non-Parties that participate in the voluntary procedure.

19. The agreed version of the draft PIC Convention contains in its Article 19 the following provision regarding the Secretariat:

> "3. The secretariat functions for this Convention shall be performed jointly by the Executive Director of UNEP and the Director-General of FAO, subject to such arrangements as shall be agreed between them and approved by the Conference of the Parties."

20. Between the adoption of the Convention and its entry into force, interim secretariat arrangements, including its funding, will have to be provided for. Some donors have already identified funds to support the functioning of such an Interim Secretariat. The draft resolution on interim arrangements requests the Executive Director of UNEP and the Director-General of FAO to continue to provide the secretariat in the interim period.

21. The Convention will be adopted by a Diplomatic Conference, which is scheduled to be held in Rotterdam, the Netherlands, in September 1998. When adopting the PIC Convention, the Diplomatic Conference may also wish to adopt the draft resolution on interim arrangements, which covers both the interim and transitional procedure and the Interim Secretariat.

Suggested action by the Governing Council

22. The Governing Council may wish to:

(a) Authorize the participation of the UNEP secretariat in an Interim Secretariat and in a Secretariat to the Convention if so decided by the Diplomatic Conference, provided that such arrangements are satisfactory to the Executive Director and that costs additional to the implementation of the present voluntary procedure be met through extra-budgetary resources;

(b) Agree to accept changes in the voluntary PIC procedure, if so decided by the Diplomatic Conference, provided that costs additional to the implementation of the present voluntary procedure be met through extra-budgetary resources.

Annex

EXCERPT FROM THE REPORT OF THE TWENTY-NINTH SESSION OF THE FAO CONFERENCE

Negotiation of a legally binding instrument
on Prior Informed Consent (PIC) *

64. The Conference welcomed the progress made by the Intergovernmental Negotiating Committee (INC). It noted that one more INC meeting was scheduled prior to the Diplomatic Conference at which the finalized Convention on Prior Informed Consent (PIC) would be adopted.

65. The Conference expressed its appreciation for the excellent cooperation between the United Nations Environment Programme (UNEP) and FAO in the implementation of the voluntary procedure, and supported the continuation of the present Secretariat arrangement.

66. The Conference recognized that the functions of the Interim Secretariat and the Convention Secretariat would require additional financial resources. It noted that the financial mechanism for the Convention and the financial arrangements for the Interim Secretariat would be discussed at the next INC. It also noted that the resources required for the implementation of a Convention would normally be provided by the Parties to the Convention. It agreed, however, that resources presently allocated under the Regular Programme for the present voluntary procedure would remain available for the execution of the Secretariat functions.

67. The Conference took note of the offer by Switzerland to provide host country facilities to a possible future UNEP part of the joint Secretariat. The Conference drew attention to the fact that decisions on this matter would need to be made by the Diplomatic Conference.

68. The Conference stressed the necessity of providing appropriate technical and financial assistance to developing countries, to enable them to implement the obligations under the Convention, and to enhance their capacity to manage pesticides.

69. The Conference then:

(a) Authorized the participation of the FAO Secretariat in an Interim Secretariat and in a Secretariat to the Convention if so desired during the negotiations and adopted by the Diplomatic Conference, provided that such arrangements were satisfactory to the Director-General and that costs additional to the implementation of the present voluntary procedure be met through extra-budgetary resources.

(b) Agreed to accept changes in the voluntary PIC procedure, if so decided by the Diplomatic Conference, provided that costs additional to the implementation of the present voluntary procedure be met through extra-budgetary resources.

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* C97/6; C97/6-Sup.1; C 97/6-Sup.2; C97/LIM/26; C97/I/PV/5; C97/I/PV/3; C97/I/PV/6; C97/PV/15.

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Item 6 of the provisional agenda*

REVIEW OF THE RESULTS AND DECISIONS OF THE SPECIAL SESSION OF THE GENERAL ASSEMBLY FOR THE PURPOSE OF AN OVERALL REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF AGENDA 21 AND OF THE CONCLUSIONS OF THE HIGH-LEVEL COMMITTEE OF MINISTERS AND OFFICIALS AT ITS SECOND MEETING

Participation of the United Nations Environment Programme in the work of the Global Environment Facility

Background

1. At its eleventh meeting, held in New Delhi, 29-31 March 1998 (the full report of the meeting is contained in document UNEP/GCSS.V/6/INF/2), the Council of the Global Environment Facility (GEF) requested the Chief Executive Officer/Chairman of the Facility, in conformity with paragraph 22 and Annex D, paragraph 7, of the Instrument for the Establishment of the Restructured GEF, to transmit the Joint Summary of the Chairs for the meeting, the Report on the Second Replenishment of the GEF Trust Fund, and the GEF evaluation reports to the United Nations Development Programme (UNDP), UNEP and the World Bank, inviting each of them, in its role as an implementing agency, to take note of the replenishment and to accept and take appropriate action on the policy recommendations.

2. The Chief Executive Officer/Chairman of the Facility, Mr. Mohamed El-Ashry, will present the recommendations addressed to UNEP by the GEF Council to the plenary of the meeting.

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* UNEP/GCSS.V/1.

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Suggested action by the Governing Council

3. The Governing Council may wish:

(a) To welcome the progress made by the Executive Director in strengthening the role of UNEP in GEF, pursuant to decision 19/12 and the Nairobi Declaration on the Role and Mandate of UNEP;

(b) To welcome the results of the first meeting of the GEF Assembly, held in New Delhi on 1-3 April 1998;

(c) To welcome the successful conclusion of the negotiation on the second replenishment of GEF and to endorse the policy recommendations on actions to be undertaken by GEF to maximize its effectiveness and impacts, while respecting the prerogatives of the governing bodies of the implementing agencies;

(d) To endorse the new profile of UNEP as an implementing agency of GEF, as contained in the statement of the Executive Director to the first meeting of the GEF Assembly;

(e) To invite the Executive Director to take such additional actions as are deemed necessary to strengthen further the role of UNEP in GEF.